




Chesterfield County, Virginia Internal Audit

9901 Lori Road, Room 142 – P.O. Box 40 – Chesterfield, VA 23832
Phone: (804) 748-1240 – Fax: (804) 768-9346 – Internet: chesterfield.gov

DATE: February 25, 2021

TO: Joseph P. Casey, Ph.D. Chesterfield County
County Administrator Board of Supervisors

Mervin B. Daugherty, Ed.D. Chesterfield County
Superintendent School Board

FROM: Khara L. Durden, CPA, CISA, CFE 
Director of Internal Audit

SUBJECT: FY21 Audit Follow-Up

Internal Audit's annual follow-up process is the formal organizational procedure that provides a comprehensive snapshot to senior management for ongoing monitoring. Internal Audit Policy 8-1; Internal Audit Introduction requires the Auditor to furnish the County Administrator and School Superintendent with a summary of all unresolved comments, recommendations, and management responses on a regular basis. Follow-up was conducted with departments on open audit recommendations from calendar year 2020 and prior.

Department management responds to all recommendations as reports are issued with anticipated implementation dates to resolve findings. Internal Audit's recommendation database is updated as reports are issued and when management provides support for closure. Departments continued to make progress addressing audit recommendations.

- 67% of recommendations issued calendar year 2020 are already closed. This is an increased clearance rate compared to 58% for calendar 2019.
- For the 132 open items remaining, management estimates completing 89% by December 31, 2021, and 95% by December 31, 2022.

Most audit recommendations are addressed by management in less than a year. However, certain items are long-term in nature by design and can extend beyond a department's existing resources. These longer-term items can require multi-year funding, technology investments, staff resources, training and development, and policy and ordinance considerations. Issues in-progress or not completed continue to be regarded as OPEN and have been assigned new estimated target dates where applicable. Others have been CLOSED as evidenced by department responses, supporting documentation, and auditor review.

- Twenty open recommendations originated prior to calendar year 2016 (i.e. are more than 5 years old). Ongoing management attention is appropriate to resolve these items, which are noted by division and department on the next pages. We reviewed the 20 recommendations older than 5 years and noted budgetary constraints have not prohibited management from completing these recommendations, but some are related to long-term projects. Our FY20 Audit Follow-Up report stated there were 19 open recommendations greater than 5 years old.

FY21 Audit Recommendation Statistics by Division¹

<u>ENTITY / DIVISION</u>	<u>PRIOR</u>	<u>NEW</u>	<u>CLOSED</u>	<u>OPEN</u>	<u>>5 Years</u>	<u>% > 5 Years</u>
County:						
Community Development	23	1	2	22	8	36%
Community Operations	23	46	34	35	7	20%
County Management ²	7	7	6	8	2	25%
Finance & Administration	9	9	9	9	1	11%
Human Services	5	8	1	12	1	8%
County Subtotal	67	71	52	86	19	22%
Schools:						
Chief Finance Officer	20	12	10	22	-	0%
Chief of Operations	4	7	9	2	-	0%
Chief of Schools	3	3	4	2	-	0%
Deputy Superintendent	16	-	-	16	-	0%
School Subtotal	43	22	23	42	-	0%
Constitutional Officers	8	8	12	4	1	25%
TOTAL	118	101	87	132	20	15%
ALGA 2018 Benchmark³	N/A	84	N/A	N/A	N/A	N/A

- (1) Audit recommendation data is collected as of December 31st each year to follow-up on all open audit recommendations from prior audits.
- (2) County Management Division is presented instead of listing individual departments starting in FY21 report.
- (3) Association of Local Government Auditors (ALGA) biennial report using annual new audit recommendations for similar sized audit organizations (6 to 10 auditors).

FY21 Audit Recommendation Statistics by Department

<u>DIVISION / DEPARTMENT</u>	<u>PRIOR</u>	<u>NEW</u>	<u>CLOSED</u>	<u>OPEN</u>	<u>>5 Years</u>	<u>% > 5 Years</u>
County:						
Community Development:						
Building Inspection	1	-	-	1	-	0%
Environmental Engineering	3	-	-	3	2	67%
Planning	15	-	-	15	6	40%
Transportation	2	-	-	2	-	0%
Utilities	2	1	2	1	-	0%
Subtotal	23	1	2	22	8	36%
Community Operations:						
General Services	1	14	15	-	-	0%
IST	22	14	10	26	7	27%
Library	-	6	1	5	-	0%
Parks & Recreation	-	12	8	4	-	0%
Subtotal	23	46	34	35	7	20%
County Management:						
Animal Services	1	-	-	1	-	0%
Emergency Communications	2	-	1	1	-	0%
Finance & Administration	-	4	1	3	-	0%
Fire	3	-	1	2	1	50%
Internal Audit	-	1	1	-	-	0%
Police	1	2	2	1	1	100%
Subtotal	7	7	6	8	2	25%
Finance & Administration:						
Accounting	-	8	7	1	-	0%
Communications & Media	3	-	-	3	-	0%
Procurement	1	-	1	-	-	0%
Real Estate Assessments	5	1	1	5	1	20%
Subtotal	9	9	9	9	1	11%
Human Services:						
Community Corrections	5	-	-	5	1	20%
Mental Health Support	-	1	1	-	-	0%
Social Services	-	7	-	7	-	0%
Subtotal	5	8	1	12	1	8%
County Subtotal	67	71	52	86	19	22%

Schools:**Chief Finance Officer:**

Finance	20	11	10	21	-	0%
Management & Budget	-	1	-	1	-	0%
Subtotal	20	12	10	22	-	0%

Chief of Operations:

Facilities	2	3	4	1	-	0%
Transportation	2	4	5	1	-	0%
Subtotal	4	7	9	2	-	0%

Chief of Schools:

McKinney-Vento Office	-	1	1	-	-	0%
Technology	3	-	2	1	-	0%
Elementary Schools	-	2	1	1	-	0%
Subtotal	3	3	4	2	-	0%

Deputy Superintendent:

Compensation & Benefits	5	-	-	5	-	0%
Human Resources	11	-	-	11	-	0%
Subtotal	16	-	-	16	-	0%
School Subtotal	43	22	23	42	-	0%

Constitutional Officers:

General Registrar	4	-	2	2	-	0%
Sheriff	4	8	10	2	1	50%
Subtotal	8	8	12	4	1	25%

TOTAL	118	101	87	132	20	15%
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Internal Audit continually addresses open recommendations through correspondence with departments and future audit work. We appreciate the cooperation and assistance of department directors and management throughout this process. Cooperation assures that action is taken to resolve the audit recommendations. If you have any questions or require additional information, contact me at extension 1240.

Copy: Scott Zaremba, Deputy County Administrator
 Dr. James Worsley, Deputy County Administrator for Human Services
 Matt Harris, Deputy County Administrator for Finance and Administration
 Jesse Smith, Deputy County Administrator for Community Development
 Dr. Thomas Taylor, Deputy Superintendent
 Dr. Lisa High, Chief of Schools
 Robert Meister, Chief Financial Officer
 Josh Davis, Chief Operations Officer
 Constance Hargrove, General Registrar
 Karl Leonard, Sheriff